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CENTRAL INTELLIGENCE AGENCY

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COUNTRY	North Korea	REPORT	
SUBJECT	The Budgetary System of the North Korean Armed Forces and Related Matters	DATE DISTR.	22 December 1958
		NO. PAGES	1
		REQUIREMENT NO.	RD
DATE OF INFO.		REFERENCES	
PLACE & DATE ACQ.			25X1
SOURCE EVALUATIONS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE.			

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Information on the budgeting system of the North Korean Armed Forces and related subjects

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I. DetailsKPAF Budgetary System

- According to a public announcement made by Ministry of Finance in the Labor Press (Nodong Simmun) sometime in late 57, the entire NK budget consisted of 96 percent tax returns from various government operated enterprises and cooperatives and four (4) percent from civilian tax-payers. It was further stated that the defense budget, i.e., the KPAF budget amounted to only 5.4 percent of the entire budget, a figure which was widely regarded to be a false statement. This might be well illustrated in the fact that when the announcement was made, there were discussions about the matter among officers of the Command Department, 1st Division, 3rd Corps

[redacted] all of whom then reached the conclusion that the defense budget might be somewhere around 80 percent of the national budget.

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All fiscal affairs concerning the Ministry of National Defense (MOND) and the KPAF were handled, in close coordination with the Ministry of Finance, by the Financial Bureau, which was regarded to be a component of the MOND or to be placed under the Rear General Bureau of the MOND. The defense budget was appropriately distributed among various agencies under the control of the Rear General Bureau of the MOND, so that they might procure and allocate munitions required by individual units in accordance with their troop strength. However, salaries for military personnel were handled by the Financial Bureau which appropriated required funds through the Central Bank to individual units, in accordance with their team organization table by type of position, for actual payment. Generally speaking, the defense was executed in such manner that the Financial Bureau exercised an overall control over it while the Rear General Bureau was responsible for various financial departments which handled parts of the budget. Furthermore, actual expenditures by individual officers were possible when fund appropriations were effected for the unit rear department and financial section. Because of these budget handling procedures, it was almost impossible for general military personnel, except high ranking officers and key financial and rear workers in military and administrative organizations, to acquire any knowledge about the details of the defense budget.

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- Salaries for military personnel constituted a major component of the defense budget and were paid by division. The financial section chief of each division (or brigade) received required funds from the local branch of the Central Bank located in the area where the division or brigade was stationed for payment to individual receivers. However, the actual payment for officers was effected through the financial officer of each regiment or independent battalion or the financial section chief

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of each division staff, whereas enlisted men received their salaries from the master sergeant of each company who obtained the required fund from the regiment or independent battalion financial officer of the divisional financial section chief.

3. Pay Schedule for Enlisted Men: As of Feb 58, enlisted men received salaries as follows, without any allowance:

Private	100	Won
Senior Private	135	"
Junior Sergeant	200	"
Sergeant	300	"
Senior Sergeant	400	"
Master Sergeant	500	"

However, those enlisted men who were assigned to the civil defense unit were entitled to the field allowance, in addition to their salaries, which amounted to a 100 percent of their salaries. As a result, they received twice as much as other enlisted men.

4. Pay Schedule for Re-Enlisted Non-Commissioned Officers: No regiment or other units below had non-commissioned officers who had been re-enlisted. Their assignment was limited to a division and above. The 1st Division of the 3rd Corps had only three (3) to four (4) such officers. In most cases, they were charged with technical matters. The number of such technicians assigned usually increased with the level of the organization concerned. According to rumors that circulated among officers of the 1st Division in Jan 58, re-enlisted non-commissioned officers were paid monthly between 2,000 and 3,000 Won, less than a junior lieutenant but as much as standard wages for general laborers, plus the monthly living allowance of 50 Won for each dependent and the service allowance of unknown amount which was paid in accordance with their service longevity.

5. Pay Schedule for Officers: The monthly income of officers included their basic salary, the military title allowance, the service allowance, and the living allowance, the details of which were as follows:

- 1) Salary: Salaries for officers were not fixed by rank but by position they held. For instance, a major would receive a salary for a senior colonel when he was assigned to a position which was originally designated for the rank of senior colonel. What was more, two (2) officers of the same rank might receive different pays if one of their assigned units was lower than the other. For instance, a major working with a divisional commanding post received less pay than another major assigned to a corps commanding post. However, the difference did not go beyond the limit of 500 Won.
- 2) Military Title Allowance: All officers were also entitled to the military title allowance which was paid in accordance with their actual rank in disregard of their position. The amount of the military title

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allowance for each rank was estimated to be as follows: (Except
for junior lieutenant and major)

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Junior Lieutenant	300 W/m
Lieutenant	200 "
Senior Lieutenant	300 "
Captain	400 "
Major	600 "
Lieutenant Colonel	700 "
Colonel	900 "
Senior Colonel	1,100 "
Major General	1,300

- 3) Service Allowance: This type of allowance was paid for all officers at the following percentages of their basic salaries in accordance with their longevity of service:

1 - 5 years	10%
6 - 10 years	10%

(NOTE: It was unknown [] what percentage of their salaries were paid for those whose service longevity was more than ten (10) years.)

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- 4) Living Allowance: This system was created to replace the former commodity distribution system and was designed to pay in cash instead of in kind. Those officers with any dependent to support ranking between the ranks of junior lieutenant and lieutenant colonel. Each of their dependents was paid as much as 50 W/m a month. In contrast, such officers, no matter what rank they actually had, as working in the position designated for the rank of colonel and above were paid a fixed amount of living allowance according to their position, regardless of whether or not they had dependents to support. Sometime in Jan 58,

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the new living allowance system enabled those officers, who were in the position designated for senior colonel, to receive slightly more than 3,000 W/m. However, it was unknown whether the amount was paid monthly or quarterly. As compared to the fact that junior officers were paid 50 W/m monthly for each dependent, the 3,000 W/m living allowance might be paid rather quarterly.

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when the central supply system was replaced by the living allowance system, its Grade IV recipients, i.e., responsible directors came to receive 700 W/m a month under the new system, Grade III recipients, i.e., department chiefs, 900 W/m, Grade II recipients (bureau chiefs) 3,800 W/m, and chief engineers (Grade II under the old system) 3,600 W/m. Judging from the above amounts, if senior officers such as colonels and generals had been entitled to Grade II or III under the old system, it might be possible

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to receive their living allowance as much as 3,000 Won monthly. If not, it might be a quarterly allowance. In short, this problem would remain in doubt until it was decided what grade a senior colonel was entitled to under the central supply system.

- 5) Field Allowances: Those officers who were assigned to civil defense companies received an additional pay that amounted to 30 percent of their basic salaries.

All told, it was impossible for general military personnel to learn of how much individual officers received in terms of salary and other allowances, largely because of their diverse systems and procedures involved.

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The following list is based on [redacted] monthly income which was paid for the position of a major. Moreover, the living allowance for colonels and above are excluded from the list since it is unknown. Monthly income for each rank was as follows:

Junior Lieutenant	3,000 Won
Lieutenant	3,500 "
Senior Lieutenant	3,800 "
Captain	4,500 "
Major	5,500 "
Lieutenant Colonel	6,200 "
Colonel	7,500 "
Senior Colonel	8,500 "
General	10,000 "

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6. Wage for Civilian Employees: A divisional commanding post and above was allowed to hire such civilian workers as were charged with film projectors, libraries, barber shops, dining halls, and kitchens. What was more, there were some corps which operated their own fishing grounds, for which they had to employ a number of civilian workers. To take an example of the Commanding Post of the 1st Division, it employed a total of more than 20 civilians, including a projector operator, a librarian, a barber, a tailor, and several kitchen workers. As to their wages, it was said that they received somewhere between 1,500 and 3,000 Won each month according to their jobs. Specifically, the projector operator received as much as 2,400 Won a month, while the librarian was paid about 1,800 Won. It was further rumored that the required funds for such wages were financed with profits coming from various business activities by individual units. Therefore, such payments had nothing to do with the defense budget. It was said.

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7. Clothing & Daily Commodities: Another main factor of the defense budget was clothing and daily commodity supply, which was effected twice each year, i.e., in summer and winter. The summer supply was made in early spring of the year, while the winter supply was done in early autumn. Clothing and daily commodities were supplied for all military personnel, including enlisted men, officers, and non-commissioned officers, who had been re-enlisted, much in the same manner as their salaries. To repeat, officers received their supplies from the rear department of their respective regiments or divisions, while enlisted men were issued by their company master sergeants. Types and quantities of clothing and daily commodities that were supplied varied with service types (army, navy, and air force). In case of infantry men, supplies were issued under the three (3) categories of enlisted men, junior officers (junior lieutenant - lieutenant colonel), and senior officers (colonel and above), in accordance with which they varied in quality and quantity. In late 57 when PAK Chong-ae (female), Vice-Chairman, Central Committee, KLP delivered a speech on her visit to the 3rd Corps, it was learned that the KPAF had received cloth supply at the rate of 48 meters per man, three (3) times as much as non-military personnel differed slightly with the years.

8. In 57, [redacted] the NK army received such clothing and other supplies as follows: 25X1

1) Enlisted Men: All enlisted men were supplied with clothing without charge and were required to return their old clothes. Re-enlisted non-commissioned officers were supplied with clothing and daily commodities in such the same manner as general enlisted men. In 57, clothing and daily commodities supplied for enlisted men included the following items:

Summer Supplies

Clothes, combat, cotton, suit	1
T-shirt, cotton, each	2
Shorts, cotton, pair	2
Foot-cover, cotton flannel, pair	2
Sneakers, NK make, pair	2
Towel, cotton, each	1
Underwear, cotton, suit	2
Scarf, cotton, each	1
Cap, cotton, every two (2) years	1
Shoulder-strap, pair	1
Brush, tooth, wooden handle, each	1
Powder, tooth, bag	1

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Winter Supplies

Clothes, combat, cotton lined, suit	1
Underwear, piled, cotton, suit	1
Underwear, cotton, suit	1
Shoes, arctic, cotton, pair	1
Foot-cover, pair	2
Scarf, cotton, each	2
Towel, each	1
Overcoat, cotton-lined, each	1
Shoulder-strap, pair	2
Brush, tooth, wooden handle, each	1
Powder, tooth, bag	1
Insignia, every three (3) years	1
Sheet, cotton, every two (2) years	2
Cover, pillow, cotton, every two (2) years	1

(COMMENT: Raincoats were not issued individually but for each company, which had three (3) to five (5) raincoats for common use.)

- 2) Junior Officers: All officers had never been required to return their old supplies until 57 when the regulation was so revised that their cotton-lined winter clothes should be returned. However, in the case of the 1st Division, it was only ten (10) percent of its entire officers who had returned their old winter clothes. In 57, junior officers were supplied with the following types of clothing and daily commodities:

Summer Supplies

Clothes, combat, cotton, suit	1
Shorts, cotton, pair	1
Foot-cover, cotton, pair	1
Socks, cotton, pair	2
T-shirt, cotton, each	1
Underwear, cotton, (long sleeve), suit	1
Raincoat, Chinese or NK make, each per 3 years	1
Sneakers, pair	2
Towel, cotton, each	1
Scarf, cotton, each	2
Cap, each per 2 years	1
Shoulder-strap, pair	1
Insignia, shoulder, set	1

Winter Supplies

Clothes, combat, cotton-lined, suit	1
Underwear, cotton-piled, suit	2
Underwear, cotton, flannel, suit	1

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Shoes, Arctic, pair	1
Socks, cotton, pair	2
Scarf, cotton, each	2
Towel, cotton, each	1
Boot, Czech make, (major & Lt. colonel), pair	1
Belt, each per 5 years	1
Insignia, cap, each per 3 years	1
Sheet, cotton, each per 2 years	1
Cover, pillow, cotton, each per 2 years	1
Shoulder-strap, pair	2
Insignia, shoulder, set	2

As seen above, junior officers were not issued such tooth brushes and powder as were given to enlisted men but those of higher quality. Although it was regulated that all officers were entitled to foreign made woolen overcoats, officers other than those with the rank of major and above were issued cotton-lined overcoats like enlisted men in 57. However, it was said that, from 58, they would also receive the foreign made overcoats, as well as woolen uniform which had been formerly given only to colonels and above.

- 3) Senior Officers: All officers falling under this category were requested to return their old supplies, particularly clothing, which, in 57, included the following items: (NOTE: Items listed below were supplied for the ranks of colonel and senior colonel. It was unknown [redacted] whether officers with the rank of major general and above were supplied with the same items as below.)

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Summer Supplies:

Clothes, cotton, Chinese, suit	1
Shorts, cotton, pair	1
Socks, cotton, pair	2
T-shirt, cotton, each	1
Underwear, cotton, suit	1
Shirt, long sleeves, cotton, each	1
Raincoat, each per 3 years	1
Shoes, NK, pair	1
Boot, Czech, pair	1
Sneakers, pair	1
Towel, cotton, each	1
Scarf, cotton, each	2
Cap, each per 2 years	1
Shoulder-strap, pair	1
Insignia, shoulder, set	1

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Winter Supplies

Uniform, wool, foreign make, suit per 2 years	1
Socks, cotton, pair	2
Scarf, cotton, each	2
Towel, cotton, each	1
Overcoat, wool, foreign make, each per 3 years	1
Shoulder-strap, pair	2
Insignia, shoulder, set	2
Belt, each per 5 years	1
Insignia, cap, each per 3 years	1
Sheet, cotton, each per 2 years	1
Sheet, cotton, each per 2 years	4
Cover, pillow, cotton, each	1

What was unique to senior officers was such items as woolen uniform and leather shoes and boots.

9. Food Supply for KPAF: Food supply for the KPAF, though different not only with service type but also with ranks and type of work performed, were roughly comprised of the following items: (NOTE: Officers and non-commissioned officers were allowed to individually receive their food supply for their living with family.)

- 1) Class I Food Supply: This category of food supply was chiefly designed to give each infantry man, between the ranks of private and lieutenant colonel, 3,300 calories per day and included the following items:

Rice, gram	800
Flour, wheat, gram	100
Meat, gram	75
Fish, gram	200
Vegetables, gram	400
Oil, bean, gram	20
Paste, bean, gram	40
Sauce, bean, gram	Unknown
Salt, gram	Unknown
Pepper, hot, gram	1
Vinegar, gram	Unknown
Cigarettes, each	10
Curd, bean, gram	30

In the summer of 57 [redacted]

[redacted] to cover the subsidiary food, i.e., all food stuff except rice, a daily allowance of about 40 Won was paid for each infantry man entitled to Class I food supply. The food supply, in spite of the above list, was not effected as regulated, but, for instance, when bean oil

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ran out, bean or bean curd was substituted for it. Specifically, the daily supply of 100 gram flour per person was issued only when 100 grams of rice was deducted from each ration. With regard to cigarettes, they were of the "Ch'ingsan" or "Taedongmun" brand which cost 20 Won per pack on the market.

- 2) Class II Food Supply: Senior infantry officers such as colonels and senior colonels were entitled to this class of food supply which was regarded to be better than Class I for its more meat and fish, plus sugar and fruits. Also, this class entitled its recipients to the daily supply of 15 cigarettes of the "P'yangyang" brand, the price of which was 60 Won per pack.

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- 3) Class III Food Supply: All major generals and above of each service received food supply of this class which it was easily presumed was the best food that was served for the KPAF. However, its details were unknown.

- 4) Class VI Food Supply: This category of food was served for such specific military personnel as automatic gun operators and tank crew. The food was considered to be better than Class I but worse than Class III. However, its details were unknown.

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- 5) Special Class Food Supply: This class was created following the Armistice on 27 Jul 53 for the personnel of the civil police unit.

it better than Class I, with more meat, bean oil, vegetables, fruits, and sugar.

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there were seven (7) types of food supply, i.e., Class I up to VI plus Special Class. It was said that jet pilots, though unknown of their food supply class, were served the best food within the KPAF.

10. Military Transportation & Movements: It was presumed that all expenses required for military transportation and movement, including the maintenance and operation of various vehicles such as trains, automobiles, and planes as well as fuel oil and coal, accounted for a greater part of the defense budget.

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- 1) Jeeps were the only type of passenger cars that was used by the KPAF. Such jeeps were usually allocated only to the commanding post of a division and above. As far as the army was concerned, no regiments and other units in lower echelon were found to have any jeep as of Feb 58. All divisional commanding posts under the 3rd Corps were in use of four (4) jeeps which were allocated for the division commander, the chief of staff, the security department chief, and the artillery deputy commander,

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while the corps commanding post had eight (8) jeeps respectively in use by such high ranking officers as the commander, the chief of staff, the military commissar (who usually had the collateral duty of political department chief), the artillery deputy commander, the security department chief, the rear deputy commander, and liaison officers (2 jeeps). Although it was unknown how much was appropriated for the operation and maintenance of each jeep, gasoline was issued as much as 150 kilograms for division commander's jeep and 80 kilograms for others. At the commanding post of the 1st Division, it was said that the monthly amount of gasoline distribution for each jeep used by a commanding officer averaged 100 kilograms, which was far short of what a jeep normally consumed in a month. To meet this gasoline shortage, for instance, the commanding posts of the 1st Division and the 3rd Corps had to lay one (1) or two (2) of their jeeps idle using the remaining ones jointly and, when gasoline was still short, obtaining it from their transportation companies.

- 2) Most military supply and troop movements were done by trucks, mostly of Soviet make. In the case of the 1st Division, there was only one (1) transportation company under the direct control of its commanding post and three (3) transportation platoons attached to its three (3) regiments. The above transportation company and platoons, in all, had more than 60 trucks, which were observed to be in normal condition with an ample supply of gasoline each day. However, their operating expenses were unknown. Lastly, each division was presumed to have the same number of trucks as the 1st Division.

11. Combat Training Expenses: Various expenses required for military training and education constituted a considerable part of the defence budget

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- 1) First Combat Training: This type of training was actually the individual shooting practice which was done once each year under the guidance of responsible commanding officers. It was conducted in such a manner that each one, with his rifle, pistol, or machinegun as the case might be, practiced shooting within the following limits of allocated ammunitions:

Riflemen (Generally Enlisted Men):

Type I Shooting Practice (Fixed Target)	3 rounds
Type II Shooting Practice (Sudden Target)	5 rounds
Type III Shooting Practice (Moving Target)	5 rounds

Sub-Machine Gun (PPSh) Men (Squad & Platoon Leaders)

Type I Shooting Practice	9 rounds
Type II Shooting Practice	12 rounds
Type III Shooting Practice	12 rounds

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Pistol Carriers (All Officers Excluding Platoon Leaders):

Type I Shooting Practice	4 rounds
Type II Shooting Practice	6 rounds
Type III Shooting Practice	6 rounds

(COMMENT: Pistol shooting practice was conducted twice each year, each time using the above amount of ammunitions.)

As far as machinegunners and others were concerned, their ammunition consumption for the first combat training was unknown. In the winter of 57, it was learned [redacted]

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[redacted] that each round of such ammunitions as were used for pistols, rifles, sub-machineguns, and light machineguns cost 96 Chpn. The combat training also included such heavy firearms shooting practices as artillery, the details of which, including the required amount of ammunitions and other expenses for movement, were unknown.

- 2) Second Combat Training: This type of combat training was done by individual squads and platoons once each year, for which all firearms on hand were mobilized, along with limited numbers of ammunitions.

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[redacted] during this training, each machinegun was allocated 70 rounds of ammunitions for firing, while each rifle was allowed to use 20 rounds.

- 3) Besides the above types of combat training, there were several types of combat maneuver, namely, company, battalion, and special combat maneuvers, which were conducted once each year for demonstration respectively representing the concerned division, corps, and KPAF as a whole. In such a case, it was common to mobilize more weapons than possessed by the company or battalion concerned and even tanks were sometimes used. Such maneuvers were presumed to require much expenses, the details of which, however, were not revealed [redacted]

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12. Training expenses were said to include even such expenditures as were required for educational purposes. [redacted]

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13. Expenses for Cultural Equipment & Materials Including Stationery: Judging from the appropriated fund for cultural and clerical expenses for the Commanding Post of the 1st Division, the expenses might be said to account for a rather small portion of the entire KPAF budget. Their details were as follows:

- 1) Stationery supplies were limited to such items as paper and ink which were also furnished in extremely small quantities. For instance, until Feb 58, the above Commanding Post had received stationery supplies as follows:

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a) Paper (Regular Size)

Divisional Operations Section	150 sheets per month
Divisional Artillery Staff	70 sheets per month
Divisional Political Department	70 sheets per month
Each Officer	15 sheets per month
Other Functions	Unknown

(NOTE: Paper supplied for office ran short every month. To meet this situation, all types of paper were so controlled as to be issued by the appropriate office chief each time when requested. Even this proved not to be enough. Therefore, it was necessary to substitute wall paper and other types of paper such as were supplied for cultural activities for the above purpose.

- b) Ink: Each function of the Commanding Post was furnished with a bottle of ink each month, which it was observed was sufficient for monthly office use.
- c) Pen-Point: Each officer was supplied with one (1) pen-point each month.
- d) Pen-Holder (Wooden): Each officer was issued with one (1) pen holder throughout his assignment.

14. Cultural Equipment & Materials: Under this category came all equipment and materials which were supplied for use on such occasions as propaganda activities and anniversaries. In 57, the [redacted] Commanding Post was supplied as follows:

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- 1) Reading Materials: The library attached to the Political Department of the 1st Division had about 1,200 books chiefly concerning military science and political science, in addition to which such newspapers as the Nodong Sinmun (Labor Press), the Minju Chos'gn (Democratic Korea), and the Minju Ch'sngny'gn (Democratic Youth) were regularly available.
- 2) Materials for Propaganda & Anniversary Activities: These materials included the following items:

Paper, white, writing, 8" x 10", sheet per year	500
Paper, white, 1.3 m x 40 cm, roll per year	1
Colors, powder to be dissolved in gasoline, kg	2
Picture board, veneer, 2 m x 1.3 m, sheet, per year	50
Cardboard, 1.5 m x 1 m, sheet per year	100
Cloth, white, for drawing placards & portraits, 1.2 m x 20 m, roll per year	1

- 3) Recreation Equipment: Equipment installed for recreation purposes at the [redacted] Political Department included the following items:

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Radio, Hungarian, unit	1
Changgi (Chess Board), set	20
Accordion, unit	1

15. Combat Equipment: Though it was presumed that the largest portion of the national defense budget was spent on military equipment and other battle gears, their details were unknown.
16. Military Barracks & Officers' Residences: It was unknown how much money was annually spent for the construction of barracks and officers' residences. All barracks and residences observed along the frontline had resulted from the labor mobilization of the KPAF enlisted men. In most cases, they were built of stone with cement tile roofs. Among various materials used for the construction of such structures, the only item that had been paid out of the budget was cement, including such that which was used for manufacturing roof tiles, while others were supplied by individual units. Furthermore, the number and type of such structure also varied depending upon the financial conditions of each unit. Generally, all officers with family were allowed to have official residences. In such cases, junior officers had to share a residence with several other officers, each using a room and a kitchen, while senior officers (colonel up to general) were allowed to use a residence exclusively. However, some units let its junior officers live exclusively in a residence, conditions permitting, which was rare. Such residences as those in exclusive use by senior officers consisted of two (2) rooms and a kitchen each. In the case of the 1st Division, senior officers were housed in residences of two (2) rooms, a kitchen, and a drawing room. Exceptionally, some junior officers were permitted to live by renting civilian houses. In P'yongyang-si, military officers usually resided at officers' apartment houses, the details of which were unknown.

17. Fuel:

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the amount
might have been comparatively small because fuel (chiefly anthracite) expenses were usually appropriated for only those units which were stationed in big cities where it was impossible to self-supply fuel. Accordingly, such units as were located in local areas were required to solve fuel (fire wood) problems by themselves. Specifically, all units under the command of the 3rd Corps had to mobilize their enlisted men in order to stock fire wood for use by individual units and officers' families in winter.

18. KPAF Business Funds: The national defense budget included such funds as were appropriated for business activities, namely, political and intelligence activities. Larger portion of the funds were spent by the Reconnaissance Bureau of the MOND on propagandising against the ROK army and demoralizing its personnel, particularly along the front line. Judging from the fact that expenses required for enemy operations along the frontline had been appropriated by the MOND Political Bureau, all business funds might be expended

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19. Forms, Documents, & Publications Pertaining to Fiscal Procedures: All fiscal documents including regulations and official letters signed by Minister of Finance were disseminated by the central government down to the level of division. It was also required that no unit other than divisions and above were allowed to keep fiscal documents, with the exception of regiments and independent battalions which maintained such documents as were issued by the related division. The same rule also applied to other administrative documents. In fact, it was observed to be one of major military policies to keep regiments and independent battalions from maintaining any document of considerable importance. [redacted] all fiscal documents pertaining to a division and a divisional commanding post, including various units under its control, were respectively handled and maintained by the divisional financial section directly under the control of the division commander and the divisional staff financial section which was also directly under the above divisional financial section. As far as regiments and independent battalions were concerned, fiscal documents were handled by their own financial management officer who was in close contact with the above divisional financial section. Thus, all battalions and companies had nothing to do with such documents. Fiscal documents were moreover treated the same as in the case of other classified ones. Therefore, both fiscal regulations and records (ledgers) were actually maintained by the confidential documents section or the confidential documents office (in case of a regiment), from which the charged financial officer brought necessary documents each morning. Particularly, those documents which were issued by the central government were always kept by the confidential documents section or office, which allowed the concerned financial officer to take a look at them in accordance with strict procedures.

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20. Documents Involving Salary Payment: Those officers who belonged the division commanding post and other units directly under its control received their salaries from the division staff financial section, whereas others were paid by the financial management officer of their respective regiment or independent battalion. Procedures involving salary payment were as follows: for instance, officers of the commanding post first went to the staff financial section where a responsible officer or rarely the section chief made necessary entries, as required, into each officer's financial card and the pay roll. Then, the pay receiver was requested to sign his name on the pay roll and his pay receipt, which was attached to his financial card so that it might be torn off on payment. Following this, the financial officer handed the salary in exchange for the receipt which was usually cut off with scissors. It was principally required that each officer personally receive his salary except such occasions when he was unable to do so under unavoidable circumstances. In such cases, he was required to put his signature on the receipt attached to his financial card and entrust it to someone else along with a letter of procurement. Then, the entrusted man would go to the financial section and receive the salary for the entrusting officer after signing on the pay roll his own name. Despite

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the above rules, most officers had their subordinate non-commissioned officers receive their salaries in exchange for their signed receipts, instead of visiting the financial officer in person, a tendency which was more frequently observed with senior officers. For detailed information on the financial card, refer to that which had been brought by Subject with himself. With regard to the pay roll, [redacted] it was usually referred to as the "Officers' Pay Roll", which was separately prepared for officers at the division commanding post and for others. Pay rolls were filed into a record for each year and had such entries on their mimeographed form as follows:

Name	Position	Rank	Salary	Military Title Allowance	Service Allowance	Living Allowance
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Total	Remarks	Signature
[redacted]	[redacted]	[redacted]

On the reverse side of the pay roll, each receipt was attached in the same order as on the payroll. However, no specific indications were made on the reverse side for the above purpose.

21. The payroll of non-commissioned officers under the command of the regiment and the independent battalions was handled by the chief financial administrator of the regiment and the independent battalions, while that under the command of the Division Headquarters and each unit directly attached thereto was directly handled at the Division Staff Financial Section. Therefore, the battalions or the companies never touched any financial papers, except the master-sergeants of each company, who received signatures on the payroll and presented it to the chief financial administrator of the regiment and the independent battalions, and judging from the fact that all non-commissioned officers also signed when they received their pay, perhaps the payroll of non-commissioned officers was handled in the same manner as that of the commissioned officers. However, the non-commissioned officers received only their salaries, and the form of their payroll would be very simple.
22. The rear documents were handled in the same way as in the case of the financial documents. In other words, all rear documents, which were issued by the central headquarters, were delivered to the subordinate organs above the rear

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departments of the Division class, and the rear departments of the regiments and the independent battalions could only hold the documents, which were prepared and forwarded by the rear department of the Division Headquarters. The rear documents were also handled in top secret along with the financial documents, and all books, which were used during the office hours, were kept in the safe of the Confidential Documents Section (or the Confidential Documents Office at the regiment and the independent battalions). Some of the documents, handled by the Rear Department [redacted] were as follows:

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- 1) At the Division Accounting Section, there were clothing distribution lists and clothing cards for all officers, attached to the Division Command and its directly controlling units. But these lists were not called among officers.

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[redacted] The cards were made for each individual officer, and the clothing distribution lists were classified in two (2) groups - one (1) for officers of the Division Command and one (1) for officers of its directly controlling units. When clothings were distributed, each officer signed on his clothing card and the clothing distribution list. The distribution was made only twice a year, and all officers appeared on the scene in order to get the best clothing fitting themselves. The clothing distribution list was made in the same form as the payroll, and the clothing card included all the same items on the clothing distribution list, with the column of signature, etc.

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- 2) The clothing distribution lists and the clothing cards of non-commissioned officers in the service of regiments and independent battalions were kept at the Rear Department of the related regiment and battalion headquarters, and when commodities were distributed, each recipient signed on the distribution list and the clothing card. The above clothing cards and clothing distribution lists were also kept at the Division Confidential Documents Section (or the Confidential Documents Office of the regiment and the independent battalions) while they were not used or cleared away at the close of the office hours.

23. Method of Disposition in case of Stealing or Losing Army Goods: When a service man have lost any Army goods, including weapons, which he had received on distribution, he is required to draft up an accident report and submit the same to his higher authorities in order to compensate the loss and to receive an appropriate punishment, unless the lost article is a thorough consumer goods. The above report is to be submitted in the name of the responsible officer, who is the immediate supervisor to the delinquent. For example, if an officer has lost something, he should prepare a report by himself, but if a non-commissioned officer has lost something, the report is submitted in the name of the responsible officer or his direct commandant, who is subject to punishment for that account. This proxy punishment is inflicted on a platoon leader, a company commandant, a battalion commander or a regiment commander according to the circumstances.

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For instance, by order of the higher authorities or by a decision of a conference of commanding officers, an article was entrusted to the commander of the T Regiment for safe custody, and if that article was lost due to the fault of a private in the lowest detachment, the said regiment commander is held responsible to submit the accident report and also meet the consequences. The non-commissioned officers are not required to submit the report by themselves even though they have lost any Army goods, because they wanted to make the commanding officer more responsible for control and supervision of their subordinates and because the non-commissioned officers get only small salaries which can hardly compensate the loss. Therefore, instead of taking responsibility for compensation against the loss, the non-commissioned officers are only subject to punishment which their commanding officers may inflict on them.

[in each] cases the accident report was omitted and proper dispositions were made within the camp of each unit if possible, for fear that much trouble might arise. Thus the commanding officer gave a proper punishment to the delinquent and smoothed down the question. Especially when a platoon leader submitted an accident report, the company commandant would take no notice of it if he could solve the question by himself, and such instances were largely found in platoons and companies. But these were possible only when they had spare goods to replace the loss. The accident reports had to be submitted to the following cases:

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First, the accident could not be a hidden fact, and the unit had no spare goods or could not replace the loss with substitutes by purchase, although they would steal the substitutes from other units.

Second, Conspicuous losses which had already been reported to the commanding general by hearsay. But if he was not informed of the case they would wait until the time of the National Commodity Registration which took place twice a year in spring and autumn immediately before the distribution of clothing, and then draft up an accident report on a few lost articles and submit it to the higher authorities.

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24. During his long service with the KPAF, [] the missing articles were of two (2) kinds - theft and sale. But there were only few cases of such losses of minor importance. When a report was made on the loss of food and clothing, these were redistributed. Commanding generals above the rank of Division chiefs had the sole power to dispose of an accident report and, according to the relative importance of the accident, minor cases were disposed by the Division Chief. However, since early 57, when the control of Army goods became more strict, all commodities, except certain kinds of food were entrusted to the Rear Department of the Division Headquarters for safekeeping, and naturally the higher authorities above the Division Chiefs had the duty to deliver the goods and dispose accidents on their loss. The methods of disposition were as follows:

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- 1) The commanding officer attached his written recommendation on the accident report and sent it to the commanding general, who made the final decision on the case and issued his order to the related unit for execution.
- 2) In most cases, the lost articles were disposed as consumer goods or missing through theft or carelessness, with a proper penalty inflicted for deliberate thefts and in case of losing important articles the delinquents were required to compensate with substitutes in the following manner:
 - a) Penalty: There were three (3) kinds of penalty, i.e., caution, warning and strict warning with detention or compensation.
 - b) Detention: When the loss was considered as a serious matter, the delinquent was put into a detention cell by order of the unit commandant. But the officers were imprisoned in an officers' cell and non-commissioned officers in the heavy or in the light cell according to the gravity of the delinquency, pending the issuance of a formal detention in the name of a commanding general above the rank of Division Chiefs. However, the period of detention did not exceed 20 days, on the expiration of which and if necessary, the case was reported to the Army Prosecutor's Section at the Division Headquarters or at a higher headquarters to try the culprit by Court-Martial. However, such cases were very rare.
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- c) Compensation by Substitutes: This penalty was inflicted by calculating the value of the lost goods in cash and deducted the same out of the salary amounts, pending the final decision notified from the competent bureau at the Ministry of National Defense. For instance, for a loss at a Division Political Department, the General Political Bureau of the same ministry had the power to make the decision for compensation, and for the loss at a Division Rear Department, the decision was made its Rear General Bureau, which issued an order to compensate as many times as the value of goods lost, without mentioning the exact value for compensation. The Division Financial Section or the Regiment Chief Financial officer received the above order and deducted certain percentages of salary amounts of the delinquents on the pay day.

the amount of compensation was generally fixed at three (3) times as much as the value of the lost goods in national price.

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Second, in Nov 57, a motion picture photographer, an unknown civilian employee at the 1st Division, 3rd Army Group, had his motion picture films and projecting motor accidentally burnt through his own fault. KIM Jn-nok, Colonel, Chief of Political Department took the responsibility and drafted up an accident report on the case, and the Division Chief attached his written recommendation on it to have it disposed as a natural consumption, but the higher authorities at the General Political Bureau, Ministry of National Defense, issued an order for compensation, and accordingly they deducted two (2) months' pay for Colonel KIM and three (3) months' pay for the photographer from Feb 58.

25. When an accident report was submitted, the lost goods were regulated as national loss and substitute goods were issued as a rule, unless there were shortages of such commodities on hand. The procedure of issuance of substitute goods was as follows:

1) When anyone had lost food, clothing or weapons, substitutes were immediately issued, because they were essential to all servicemen. But blankets and cotton-padded clothing for winter were very difficult to get, because there were few spare goods of them even at the Division Rear Department.

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3) The lost goods were reissued in the following: If a private of a company lost his summer clothing and wanted to get its substitute, his company commandant made an oral request to the Rear Department of the Regiment where his clothing card was on file, and then the same department issued the substitute immediately. But if there were no substitutes, they took delivery of the goods wanted from the Division Rear Department and advised the company commandant by telephone or by a courier, and then the master-sergeant of the company took a written request, duly signed by his commandant, and presented it to the Regiment Rear Department, and received the goods in exchange for the written request, after putting his signature on the clothing card of the private in question and gave it to him, and they kept a record in the column of

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remarks of the clothing card of the losing private, detailing the cause of the loss and the quantity of clothing reissued, etc. The lost clothing of the officers and non-commissioned officers were reissued in the same method, but they were reissued at the Division Rear Department where their clothing cards were kept on file. When,

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[redacted] there was an avalanche of heavy snow which completely buried a soldiers' barrack in Walmi-ri, Kyunggi-gun, Kangyu-do, and many personal effects of servicemen were missing. Then the Chief of the Rear Department, 15th Division appeared on the scene of catastrophe, where he drafted up a lost articles and on the following day he returned with substitutes of the same and distributed them among the victims with a due ceremony of comfort, without demanding signatures on the receipts. [redacted] this took exemption of procedure was possible in case of emergency.

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- 4) When an article was missing for lost, the above procedure was taken for its reissuance, but when a person had badly damaged a tool or had his clothing torn to pieces in the process of labor, no substitutes were reissued, but the worker had to mend and keep on the torn clothing, especially following the enforcement of a strict control over Army goods since early 57.

26. The form of the accident report, the reason for the loss, and the order of the commanders, and the handling procedure were as follows:

1) Form of Accident Report and Procedure for Submitting.

a) Form: All forms were printed on white stationery paper (8 x 10).

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b) Explanation to the Form:

- i) The 1st - 6th columns were filled out by the losing person. In other words, although a non-commissioned officer had lost something, his supervising officer acted as the loser on the form with direct explanations as if he had lost it himself. When not applicable, the 4th column was left blank, and the 5th column was also remained blank because no one knew the exact value of the goods lost.
- ii) The 7th column was filled out by the accident report committee to show their opinion. This committee was to be found only in the higher Army organs above regiment and independent battalion units, and it included commanders, financial, political, safety and rear officers, whose duty it was to investigate the

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circumstances of the loss and to formulate methods to solve the question within the camp of their units. [redacted]

[redacted] in practical cases, only the commander and the safety officer participated in this activity and all other committee members simply agreed to their decisions. All accident reports of major importance were brought to the attention of the Ministry of National Defense with the recommendation of the Regiment Committee, attached on it if the accident occurred in a unit above a battalion directly controlled by the Division or an Army Group. In any case, only one (1) recommendation of the accident report nearest to the losing person was attached on the report.

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- iii) The 8th, 9th, and 10th items in the report were filled out by the higher commanding officers who described their opinion on it. These officers included Company, Battalion, Regiment, and Division Commanders, and in the Division Command, the departmental chiefs, the Division chief of staff of the Division Command, and generally the opinion of two (2) or three (3) ruled, but the final decision was made by the Division Chief.
- c) Submitting Method: All accident reports were prepared in duplicate and were presented to the supervising officer who, with the higher officers' opinion attached on it, presented it to the Regiment Chief. But the battalions under the direct control of the Division, presented the report directly to the Division Chief. The Regiment Chief, after consulting the accident report committee, filled out his own opinion and sent it to the Division Chief, who, if finding the case to be falling within the province of his power of decision, kept one (1) copy of the report in the Division Documents Officers' Section and another copy in the Confidential Documents Department as evidences for the review of the higher command. When the accident report was needed by the units below Division, a separate copy was prepared by the losing person in his own handwriting. So the two (2) copies of the original report were kept one (1) each at the Confidential Affairs Section of the Division and the Confidential Affairs Bureau of the Ministry of National Defense.
- 2) Written Reasons for Loss and its Submitting Procedure: The form was mimeographed, each sheet representing one (1) individual. The KPAF units used white stationery paper (8 x 10) on which the reasons for the loss were described only on demand by or deemed necessary for the Army prosecutor, and it was submitted to the safety officer or directly to the prosecutor. [redacted]

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3) Order of Commanders and its Forwarding Method:

- a) Orders were issued by commander of each grade according to the form attached below. The order of the Ministry of National Defense was mimeographed, covering all items and messages. But in the order or subordinate commanders, only the items were mimeographed and the messages were written by hand in China ink. The KPAF used stationery paper (8 x 10) which was in smaller size than that of higher orders
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- b) Explanation to the Contents: On the form of the order, items for prosecution were described with the method of disposition of the case, and the order was issued for many cases on one (1) paper. So on the Attachment III and Attachment IV were shown two (2) types of order - one (1) for individual cases and one (1) for combined cases, with remarks to notify the facts to all officers of the similar grade. For instance, if the order was issued to punish a major, the order was meant to inform of the fact to all officers above the rank of major, and on the form the number of copies of the order issued as well as the issuing agency were mentioned.
- c) Forwarding Method: The orders were drafted up by the Confidential Documents Officer by order of the commander, and after receiving the approval of the commander one (1) copy each was forwarded to all regiments and independent units at the Conference of Regimental Commanders by loudly reading the contents although the order was concerned with an individual only or by oral notification through the channel of other officers present at the conference to convey the message to all absent officers. Thus when it became necessary to inform the order to all officers above the rank of major, a Majors' Conference was called for that particular purpose. So when an accident occurred in a unit, all the top officers were kept informed of the fact, and the order thus forwarded to subordinate Army units was kept one (1) copy each at the Regiment Headquarters and the Independent Battalion Headquarters.

27. Budget and Financial Documents of KPAF: The budget of the KPAF was compiled by the Financial Bureau of the Ministry of National Defense with the consultation of the Ministry of Finance. The Financial Bureau of the Ministry of National Defense recompiled the budget for the various bureaus of Rear General Bureau, except the payroll of the Army personnel and other business operational expenditures which were directly handled by the headquarters of the same ministry, and at the same time, the Rear General Bureau received the budget from the headquarters of the ministry and maintained production, importation, and purchase of arms and ammunitions in accordance with the national plans, and supplied the same to each unit via its rear department. For this reason, none but the competent officers in the Financial Bureau of the Ministry of National Defense, even the top officials in each unit of

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the KPAF, knew of the general budget of the Army, except an estimate by calculating the supplies and the number of personnel. [redacted] in order to obtain information in general or in portions, a contact with the following functionaries was absolutely necessary:

- 1) Employees in the Financial Bureau, Ministry of National Defense and in the Defense Funds Bureau of the Ministry of Finance, Minister of Finance, Vice Minister of Finance, Bureau Chiefs, Air Force Commanders, and Artillery Commanders, who participated in the budget conferences of top officials. But it would be almost impossible to make contacts with such people under the present circumstances.
- 2) Employees in the various bureaus under the Rear General Fund of Ministry of National Defense, i.e., the Clothing Management Bureau, the Food Management Bureau, the Fuel Management Bureau, the Vacations Management Bureau, the Army Rewards & Decorations Management Bureau, the Construction Bureau, the Army Surgeon Bureau, the Arms & Ammunition Bureau, and the Transportation Bureau in addition to the employees of the financial departments in the bureaus under the Rear General Bureau, who maintained a direct connection with the Financial Bureau, Ministry of National Defense.
- 3) Officers and men in the service of the Army Group headquarters, who were engaged in the following duties:
- a) Men, dealing statistics of cash, arms and ammunitions, including the loss and misappropriation and compensation, etc., because they knew the national prices of all Army supplies and the payroll of the Army personnel. In the KPAF, infantry regiments were attached to two (2) Army groups, and its directly controlling Army Corps, and two (2) Reserve Divisions. Since the infantry regiments were organized all in the same manner, these men or any other military officers who handled the Army supplies, could figure out the amount of supplies that were distributed to each unit.
 - b) Men, dealing distribution of Army supplies, who knew the statistics of the Army personnel and cash disbursements.
- 4) Employees of Divisions and Regiments, who knew portions of budgets, and figured out the general budget on the basis of the list of Army personnel.
- 5) Master sergeants, who received salaries and rear commodities, and distributed the same to servicemen in their companies, because they knew the total amount of salaries paid out and the total quantity of arms and ammunition consumed in the battalions to which they were assigned. Also top military officers, who knew the engineering and communications materials and artillery weapons, arms and ammunitions, hospital supplies, consumed in their units.

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- 6) In order to obtain a complete information, one should have the rear officers, the financial officers, the engineering & artillery supply officers, and the communications supply officers come together to one (1) place and make reports on what they knew about the question.
- 7) Men in the service of Confidential Documents Section above the grade of Regiment, who handled all financial accounts, including the combat operational documents, and prepared the documents addressed to each unit.

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